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January 26, 1998

RECEIVED

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: In re Applications of WorldCom, Inc. and MCI
Communications Corp. for Transfer of Control
of MCI Communications Corp.

In re GTE Service Corporation Motion to Dismiss Applications of
WorldCom, Inc. and MCI Communications Corp. for Transfer of Control
of MCI Communications Corp.;
CC Docket No. 97-211

Dear Ms. Salas:

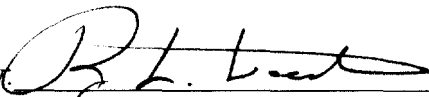
On behalf of Simply Internet, Inc., we hereby enclose one (1) original plus twelve (12) copies of Simply Internet's Response and Request for Additional Pleading Cycle filed in response to the Commission's Public Notice (DA 97-2494, released November 25, 1997) regarding the above-referenced applications. This Response further responds to GTE's Motion to Dismiss the above-referenced applications (see Public Notice, DA 98-49 released January 12, 1998). In addition, we attach a 3.5" disk containing the filing in WordPerfect for Windows 5.1 format.

If there are any questions with respect to this filing, please contact the undersigned.

Respectfully submitted,

WILKES, ARTIS, HEDRICK & LANE, Chtd.

By:


Ramsey L. Woodworth

Attorneys for Simply Internet, Inc.

Enclosures

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JAN 26 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)

Applications of WorldCom, Inc.)
and MCI Communications Corp.)
for Transfer of Control of)
MCI Communications Corp.)

CC Docket No. 97-211

GTE Service Corporation)
Motion to Dismiss Applications)
of WorldCom, Inc. and)
MCI Communications Corp. for)
Transfer of Control of)
MCI Communications Corp.)

To: The Commission

**RESPONSE OF SIMPLY INTERNET, INC. AND
REQUEST FOR ADDITIONAL PLEADING CYCLE**

Simply Internet, Inc. ("Simply Internet") hereby submits the following Response to various Petitions to Deny and related documents filed in the above-captioned proceeding regarding the proposed acquisition of MCI Communications Corp. by WorldCom, Inc. (jointly referred to herein as "WorldCom/MCI"). In addition, Simply Internet requests that the Commission establish an additional pleading cycle to address the WorldCom/MCI response presumably being filed today and to provide an opportunity to respond to information that WorldCom/MCI needs to submit to the Commission regarding the impact of its proposed merger on the Internet.

Simply Internet filed a "Petition to Deny and Request for Hearing" on January 5, 1998, showing that the proposed merger would have a serious anti-competitive impact on the Internet, as WorldCom/MCI would control well over half of the nation's Internet backbone, and have substantial control over other key Internet facilities. Nearly every other Petition to Deny addressed this same issue, demonstrating the critical importance of this issue to the telecommunications marketplace. For example, several parties noted that as much of Internet backbone traffic is now transferred from carrier to carrier without cost through "peering" arrangements, WorldCom/MCI's new market dominance and control will lead to new access charges for this carriage.¹ The result will be significantly higher costs for all providers and users of the Internet.

As Bell Atlantic's Petition also explained, the vast majority of Internet Service Providers (ISPs), such as Simply Internet, are tied to their backbone provider as a result of pricing and technical obstacles to switching.² As this is a critical issue with respect to the ability of post-merger WorldCom/MCI to abuse its IBP market power, Simply Internet urges the Commission to examine it carefully, including obtaining all pertinent information from MCI, WorldCom and parties participating to this proceeding. With their already dominant positions in the IBP market, a combined WorldCom/MCI stands to gain a particularly significant degree of control over ISPs as a result of their ownership and control over Internet Protocol ("IP") address blocks. Because of the severe restrictions on which entities may obtain IP address blocks, the vast majority of ISPs are forced to

¹ See, e.g., Petitions of BellSouth at 19-20; BellAtlantic at 3-12; Communications Workers of America at 4-16; GTE at 46.

² Petition to Deny of Bell Atlantic at 8-11.

obtain routable IP address blocks from their backbone provider who “loans” the IPs to the ISP along with selling connectivity. Because the routable IP addresses used on an ISP’s network are only “borrowed” from the backbone provider, an ISP that wishes to change providers would be forced to “renumber” its entire network with a new IP address block. The renumbering process is extremely complicated, time consuming, and expensive, and typically creates substantial problems for an ISP from a network reliability and integrity and customer standpoint. For these reasons, ISPs are typically hard-pressed to change their backbone provider. Because of this tying, there would substantial incentive for a post-merger WorldCom/MCI with a high degree of market power to raise prices on its customer ISPs, who would not have the ability to release themselves from its grips to switch to one of its very small, non-facilities-based competitors.

As Simply Internet and other parties have explained, allowing one company to dominate the Internet backbone will create a very real potential for higher prices and reduced access on the Internet. That will lead to a reduced flow of ideas, information, and commerce. Therefore, the Commission must proceed carefully and only with the benefit of a full and complete record on all of the relevant issues. Only then will the Commission be in a position to determine whether the proposed merger is in the “public interest, convenience and necessity.”³

Before the Commission will be in a position to make this evaluation, it must take the following steps: First, as urged by GTE Service Corporation, WorldCom/MCI must be required to provide information sufficient to evaluate the impact of the merger on the Internet, such as “relevant product and geographic markets (including input markets),

³ 47 U.S.C. §310(d).

actual and potential competitors, and effects on competition and consumers.”⁴ Unless WorldCom/MCI comes forward with this information, its application is deficient on its face and should be dismissed for the reasons stated in the “Motion to Dismiss of GTE Service Corporation” filed January 5, 1998.

Second, the Commission must provide interested parties an adequate opportunity to review and comment upon and further information provided by WorldCom/MCI. The Commission should do this by opening an additional full pleading cycle in which interested parties have an opportunity to file comments and reply comments. Only then will the Commission have all necessary and relevant facts on which to make any determinations.

Third, and in any event, the Commission must provide an opportunity for parties to respond to the WorldCom/MCI Opposition being filed today, consistent with normal pleading cycles. The standard procedure, set forth in Section 1.45 of the Commission’s rules, is for parties filing motions or petitions to have an opportunity to reply to any opposition to their pleadings. See 47 C.F.R. §1.45. Without these steps, the Commission will be making a critical decision without a full record on a critical issue clearly within its jurisdiction and responsibility.

Fourth, as Simply Internet requested in its Petition to Deny, the Commission should hold comprehensive fact finding hearings to fully flush out all substantial and material public interest and antitrust issues raised by the MCI and WorldCom applications. Only then will the Commission ensure that it may make reasonable and well-founded determinations with respect to the complex facts which will be uncovered in this

⁴ GTE Petition at 46.

proceeding and what impact this merger may have on the competitive IBP market,
competitive ISPs, and consumers of the Internet.

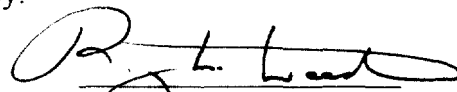
Conclusion

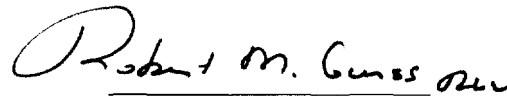
Simply Internet therefore respectfully requests that the Commission consider the
above response and request for additional pleading cycle.


Respectfully submitted,

SIMPLY INTERNET, INC.

By:


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Rudolph J. Geist

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Its Attorneys

January 26, 1998

CERTIFICATE OF SERVICE

I, Rudolph J. Geist, hereby certify that a copy of the foregoing "Response of Simply Internet, Inc. and Request for Additional Pleading Cycle" was served this 26th day of January 1998, by first-class, postage prepaid mail to the following:

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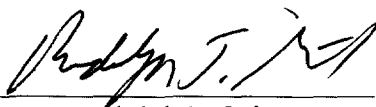
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